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C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000263

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WHA/FO; WHA/BSC MDRUCKER, BFRIEDMAN, KBEAMER; NSC DFISK

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SUBJECT: LUGO LANDSLIDE FOR CHANGE IN PARAGUAY

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Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

11. SUMMARY: Former bishop Fernando Lugo is Paraguay's president-elect. Despite high tensions, the elections were seemingly fraud free with record turnout. With all exit polls indicating a clear win for Patriotic Alliance for Change (APC) candidate Lugo, confirmed by official quick count results, Colorado candidate Blanca Ovelar recognized her defeat just before 9 p.m. April 20, barely four hours after the polls closed. Lugo's APC began celebrating his perceived victory around 6 p.m., but Lugo and the other candidates exercised restraint and did not prematurely declare victory. The Colorado Party-controlled TSJE did a solid technical job of managing the elections. This election was not about regional populist or leftist trends, or about the United States versus Venezuela; it represents a domestic backlash against President Duarte and 61 years of Colorado Party rule. This was a true test of Paaguayan democracy. Paraguay passed with flying colors. We were the first foreign embassy to congratulate Lugo and stand ready to assist him with the work ahead -- we urge Washington to move quickly to do the same. END SUMMARY.

12. (SBU) While tensions and passions ran high during the day, national elections were generally peaceful, with great weather and strong voter turnout (an estimated record of 65.7 percent as of 9:45 p.m. April 20). Despite widespread rumors to the contrary, there was very little incidence of electoral fraud per the IFES and OAS electoral observer missions. Both missions played critical roles in the electoral process, convincing the National Electoral Court (TSJE) to make key reforms in favor of transparency. They also persuaded the political parties to refrain from declaring premature victory and to participate in the TSJE's quick count process to give it increased legitimacy. IFES head of delegation (and former Colombian President) Andres Pastrana said Paraguay's election was a good regional example of change brought about by the ballot box; both he and OAS head of delegation (and former Colombian foreign minister) Maria Emma Mejia were strong and persuasive interlocutors. The National Police, with some military support, did their jobs well, handling the minimal, sporadic violence which occurred during the day. Police made several arrests, both for fisticuffs and isolated cases of fraud involving the purchase of identification cards.

13. (SBU) All five exit polls indicate a win for Patriotic Alliance for Change candidate Fernando Lugo (by a 3 to 12 point margin). With TSJE quick count results showing a 10

point Lugo lead, Colorado candidate Blanca Ovelar recognized her defeat just before 9 p.m. April 20. "Thanks to democracy," she said, "we can exercise our right to choose; our great, noble country made a choice, expressed its dissidence." She congratulated the Paraguayan people and affirmed her "great faith in the country's future." Ovelar called for respect for the election results, which she described as "irreversible."

¶4. (SBU) At 9:45 p.m., the TSJE ceased releasing quick count results once 92 percent of polls reported. At that point, the TSJE quick count gave Lugo 40.8 percent of the popular vote, with Ovelar in second place with 30.7 percent, UNACE candidate Lino Oviedo with 22.0 percent, and Beloved Fatherland candidate Pedro Fadul in fourth place with 2.4 percent of the vote. Only 0.13 percent (2,288 votes) supported the leftist Workers Party candidate. Two percent of votes were blank; 1.5 percent were nullified. Pursuant to IFES/OAS recommendations, the TSJE began releasing its quick count results just after 5 p.m., with results starting at just 69 mesas (out of 14,306).

¶5. (SBU) While Lugo's APC and the Liberal Party began celebrating his perceived victory around 6 p.m., Lugo and the other candidates exercised restraint and did not prematurely declare victory. Lugo first spoke around 6:30 p.m., when he thanked his supporters. Then Lugo held a press conference at 7:30 p.m., in which he spoke elegantly (and without notes) about putting Paraguay first and working together with all political parties for the country's greater good. Lugo thanked all Paraguayans for their participation in a peaceful process, and thanked the press and international observers for their work during the day. Lugo said that "change" was the magic word throughout the campaign, and that Paraguay was beginning a "beautiful and brilliant journey." "If you've dreamed of a different Paraguay," he said, "you're responsible for our country's happiness today." Lugo said

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Paraguay should not "be remembered for its corruption and poverty, but for its honesty and efficiency."

¶6. (C) The Colorado Party-controlled TSJE did a solid technical job of managing the elections. It put aside its internal differences (two judges have an ongoing feud with the third) in favor of a democratic and transparent process. Of 25 demands made by the political opposition regarding TSJE procedures, it accepted and implemented 20, including the immediate posting of partial quick count results. In the days immediately prior to the election, President Duarte urged all citizens to participate in the election. He was silent April 20 until he conceded defeat around 10 p.m. Duarte called the day a landmark in Paraguay's history and confirmed he will cooperate in the peaceful transition of power in a democratic spirit.

¶7. (C) COMMENT: This election was not about regional populist or leftist trends, or about the United States versus Venezuela. Indeed, the United States was never even an issue in this election. Instead, it represents a domestic backlash against President Duarte and 61 years of Colorado Party rule. This was a true test of Paraguayan democracy, and Paraguay passed with flying colors. After months of speculation that the government would attempt to disqualify Fernando Lugo or retired General Lino Oviedo from running for president, both candidates participated fully in the democratic process, and Paraguayans freely chose their next leader. The August 15 inauguration of President Lugo should become the first peaceful, democratic transition for one political party to another in Paraguay's 197 years of independence.

¶8. (C) COMMENT CONTINUED: Lugo will face many challenges in coming months given that the Colorado Party has been synonymous with the State for as long as most anyone here can remember. He will have to name his cabinet, form a coalition in order to govern with a fractured Congress, and re-build

the Paraguayan government. Our reaction to his victory (as well as that of the Catholic Church, which will have to either accept his resignation or ex-communicate him) will be critical to our relationship in the short term. Ambassador was the first foreign head of mission to congratulate Lugo (minutes after Ovelar's concession) and we stand ready to assist him with the work ahead. We urge Washington to move quickly to do the same. END COMMENT.

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